

MINUTES

MONTANA HOUSE OF REPRESENT SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **VICE CHAIRMAN ROYAL JOHNSON**, on January 31,
2003 at 8:10 A.M., in Room 102 Capitol. **ATIVES**
58th LEGISLATURE - REGULAR

ROLL CALL

Members Present:

Sen. Royal Johnson, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Sen. Bea McCarthy (D)

Members Excused: Rep. Donald L. Hedges, Chairman (R). Arrived
at 8:20 am.
Rep. Dave Lewis (R). Arrived at 8:35 am.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Pam Joehler, Legislative Branch
Diana Williams, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.
Tape counter notations refer to the material
immediately preceding.

Roll call was done by paper only.

Committee Business Summary:

Hearing & Date Posted: None

Executive Action: Board of Regents (Part of OCHE),
Community Colleges,
Office of the Commissioner of
Higher Education (OCHE)

Prior to the meeting **SEN. ESP** asked that some information get handed out (Exhibit 1). This Exhibit consists of a copy of an e-mail dealing with the Global Justice Action Summit (page 28 & 29 from the packet that was handed out on January 30), as well as copies of four letters addressing a research project, "Paving Over Paradise," which was conducted by Montana State University.

EXHIBIT(jeh21a01)

Prior to Executive Action, each of the Community Colleges provided information to the Subcommittee over the enrollment and graduation statistics. This request was made at the Public Hearing for Community Colleges (1/30) by SEN. MCCARTHY.

Dr. Terry Hetrick, President Dawson Community College, had information for the Fall of 2000/2001 year. He went through the statistics on enrollment as well as the number of graduates.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.2}

Dr. Darrel Hammond, President Miles City Community College, explained Exhibit 2. He made the point that the numbers stated in this document may not reflect the true graduation rate since many of these students will be transferring to the University System. He further discussed the Nursing Program which has had challenges to overcome. He stated that if a person looks at pure numbers this college has had more students pass the NCLEX test, which is the national test for nurse licensure, than the students from Montana State University who also took the test.

EXHIBIT(jeh21a02)

[Chairman Hedges arrived.]

{Tape: 1; Side: A; Approx. Time Counter: 3.2 - 6.6}

Jane Karas, President Flathead Valley Community College, used the Spring of 2003 figures for enrollment and graduation statistics. She further said that many of the students are part-time, taking longer than two years to complete the degree, so the statistics really don't reflect an accurate picture. Many students also transfer to the University System before they complete their degree. She further stated that many students are hired out before they complete their degree in occupational programs as well as the high demand programs.

{Tape: 1; Side: A; Approx. Time Counter: 6.7 - 8.4}

Further discussion was on the Nursing Program as well as the pass rate on the NCLEX test.

REP. FRANKLIN said that if the person can't pass the test for licensure, the individual can't work in the nursing field. She felt that identifying the issues that caused the failure would be beneficial to the student. **Dr. Hammond** explained to the Committee that this college has put in many stops along the way to help students succeed. Tutoring is started early. He felt that the upcoming students will be successful in their nursing field. The discussion then focused on the criteria needed to be accepted into this two-year nursing program.

{Tape: 1; Side: A; Approx. Time Counter: 8.4 - 14.7}

EXECUTIVE ACTION ON COMMUNITY COLLEGES

Pam Joehler, Legislative Fiscal Division, explained Exhibit 3 which was one page from the January 28, 2003 handout that the Legislative Fiscal Division supplied to the Committee.

EXHIBIT(jeh21a03)

CHAIRMAN HEDGES entertained a motion to appropriate from the General Fund \$638,774 in each of the years of the biennium for the purposes of funding the community colleges and bringing them up to the Governor's budget.

Through discussion the Committee learned that if this motion is passed it would be higher than the Governor's budget; it would take it to Fiscal 2002 base level. To help clarify this Ms. Joehler passed out two documents.

EXHIBIT(jeh21a04)

EXHIBIT(jeh21a05)

Ms. Joehler said that Exhibit 4 is a continuation of page E-111 in the Legislative Budget Analysis 2005 Biennium. The chart has additional information that shows the impact of rolling back to the 2000 Base, or the Legislative Budget, for these three community colleges. She further explained that the budgets for the colleges are enrollment driven. The three levels of budgets were stated as \$5,783,759 for the Executive Budget; \$5,843,089 for the Fiscal 2002 Base; and \$5,204,315 for the Legislative Budget.

The Committee further discussed the impact of this motion. It was learned that if this motion is adopted the 2002 Base would be about \$60,000 higher than the Governor's budget.

{Tape: 1; Side: A; Approx. Time Counter: 14.7 - 25.8}

Motion: REP. BUZZAS moved that the 2002 BASE BUDGET FOR THE COMMUNITY COLLEGES AS THE CHAIRMAN STATED BE ADOPTED.

Substitute Motion: SEN. JOHNSON made a substitute motion to **TAKE THE BUDGET TO THE GOVERNOR'S BUDGET LEVEL AND ADOPT THE DECISION PACKAGES.** (These Decision Packages can be found on Exhibit 3 and are in the gray section.)

Discussion:

Due to REP. LEWIS' late arrival, he wanted to know if there was any action prior to this. CHAIRMAN HEDGES said, "No."

Vote: Motion carried 4-3 with REPS. BUZZAS, FRANKLIN, and SEN. MCCARTHY voting no by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 25.8 - 27.3}

REP. FRANKLIN wanted to go on record saying that the no vote to the Governor's budget is due to the fact that even the small amount of money (\$59,000) may be helpful to the colleges.

SEN. JOHNSON further stated that he would like to keep the budget as close as possible to the Governor's budget. If packages come forward that allow revenue, then the \$60,000 could be reinstated.

{Tape: 1; Side: A; Approx. Time Counter: 27.4 - 28.7}

After the Executive Action for the Community Colleges closed, SEN. ESP asked for clarifications on the background of the GJAS. He asked Mr. George Dennison, President of the University of Missoula, questions related to the e-mail that is part of Exhibit 1, as well as other issues about the Global Justice Action Summit.

President Dennison explained the process of funding the conference as well as the students' involvement in this conference. He further stated that a report was supplied to him that showed the expenditures, the number of people who attended, and the list of speakers.

President Dennison said that, with this e-mail, they were trying to find places that the money could expeditiously be spent. They were not trying to hide or make this be unclear as to what the money should be used for. He further stated that the package of documents received at the public hearing were documents that came out of the University records and were provided in response to a request for information.

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{Tape: 1; Side: B; Approx. Time Counter: 0 - 5.8}

Discussion then focused on the student's involvement with the money-reimbursement aspect of this Summit. **President Dennison** said that somewhere in the records of the department there is a request for reimbursement for that particular ticket to the department, not to the student who had \$500. He also said, "I would agree that the wording [on the e-mail] could lead you to different kinds of conclusions, but that was the way it was working."

Other issues about the e-mail was the Health Clinic's involvement. It was learned that the Health Clinic had nothing to do with this Summit. The student may have been working for the clinic.

President Dennison said, "We work very hard to track the money to make certain it is going to the purposes that it is intended. This was gift money and it has to be used for those purposes or it is difficult to get other gift money." He also informed the Committee that the group of people who were protesting the timber sales were not any of the persons who were paid to come to Missoula for the Summit.

{Tape: 1; Side: B; Approx. Time Counter: 5.9 - 13.7}

REP. BUZZAS told the Committee that she knows Vicki Watson, and she is a completely ethical and outstanding person. She further stated that e-mails are a way to communicate ideas and to get feedback. The Committee has every right to ask for an accounting for those dollars that are questioned.

SEN. JOHNSON wanted to know if there was a published document that explains what was done and what came out that was good or bad. **President Dennison** said, "No." **SEN. JOHNSON** said that he thought some of the room expense was being paid by public dollars. He said that he doesn't have any objection to that. The objection is that there is no assessment done that would tell what happened during the Summit.

{Tape: 1; Side: B; Approx. Time Counter: 13.7 - 17.1}

REP. FRANKLIN felt that these documents were presented to cast doubt on people's motivations. She further stated that she felt this was wrong.

CHAIRMAN HEDGES said that it is best not to pass judgement on these papers or the institution at this point. He requested that Mr. Carrol Krause, Interim Commissioner of Higher Education, provide the Committee with a review of the relationship between the University of Missoula and the Global Justice Action Summit. [Mr. Krause's report findings is Exhibit 1 for February 7, 2003 minutes.]

SEN. ESP informed the Committee that he wasn't questioning who was doing this Summit. Rather it was the means at which they chose to account for the Summit. He wanted to make sure this Summit was accounted for in a financially sound and ethical way.

{Tape: 1; Side: B; Approx. Time Counter: 17.1 - 22.2}

**EXECUTIVE ACTION ON THE OFFICE OF THE COMMISSIONER OF HIGHER
EDUCATION** (OCHE Programs)

[This also includes the Board of Regents. Other programs related to OCHE can be found at the bottom part of Exhibit 5.]

Ms. Joehler explained Exhibit 5. It shows the four areas that make up the Montana University System and the details behind the Executive Budget recommendations that would affect the General Fund for the 2005 Biennium. Included in this worksheet is the Legislative Budget (the Fiscal 2000 Adjusted Base).

Ms. Joehler made note that there are three programs that are not included in the base. They are the Yellow Bay Program (in Educational Units), the Beef Transfer Position (in Research/Public Service Agencies), and the Tribal College (in OCHE Programs). The reason why they are not part of the base is because they were either statutory appropriations or were designated in HB 2 as one-time-only appropriations. With the Tribal College appropriations, she stated that due to the one-time-only (OTO) appropriation status that was in Fiscal 2001 (the Fiscal 2000 Adjusted Base), there was no money in the base. In actuality \$417,000 expenditures of General Fund occurred. For the 2003 Biennium, that appropriation wasn't designated as one-time-only, so the expenditures showed up on the Fiscal 2002 base.

{Tape: 1; Side: B; Approx. Time Counter: 22.3 - 27.3}

Starting with the Administration Program in the OCHE Unit, **Ms. Joehler** explained the General Fund appropriations. If the Committee would want to take the base to the Fiscal 2002 Actual Base, then the Committee would want to restore \$239,910 for Fiscal 2004 and \$204,445 for Fiscal 2005. These figures can be found on Exhibit 6. She further stated that this value does not take into consideration the Decision Packages that are in the gray portion on Exhibit 6.

EXHIBIT (jeh21a06)

Discussion then focused on Exhibit 5.

The first topic was tuition fees. **REP. LEWIS** wanted to know how much money could be generated if tuition fees were increased. **Ms. Joehler** said that a one percent increase, assuming the tuition surcharge is made permanent, would net about \$3.9 million. (This figure is taking out fee waivers.)

{Tape: 2; Side: A; Approx. Time Counter: 0 - 1.9}

REP. LEWIS said that the difference between the Fiscal 2004 Base Executive Budget (\$136,687,534) and the Fiscal 2000 Adjusted Base (\$124,494,526) is \$12 million. Dealing only in tuition fees, a four percent increase could cover the \$12 million. To clarify this issue, **Ron Sundsted, Chief Fiscal Officer for the Montana University System**, said that a one percent increase for the two years generates about \$3.7 million over the biennium, assuming the fiscal 2003 surcharge is not made permanent. For a \$24 million issue and only taking tuition into account, that would be a seven percent increase each year for tuition, for a total of 14 percent for the biennium.

SEN. JOHNSON stated that Administration is only one item in the OCHE Program. He wanted to know if the Committee could address all of the items that are in the OCHE Programs in one motion.

Ms. Joehler explained to the Committee that the Montana University System has historically been a lump-sum appropriation with a couple of exceptions. The community colleges and the tribal college assistance in the OCHE Programs has been outside the lump-sum appropriations. In the Educational Units, the Yellow Bay appropriation was a separate line-item appropriation. And the Ag Experiment Station (AES BioBased), which is part of the Research/Public Service Agencies, is considered a line-item appropriation.

{Tape: 2; Side: A; Approx. Time Counter: 1.9 - 6.7}

SEN. JOHNSON stated that the reason for the lump-sum appropriation is that the University System has stated that the money could be managed more efficiently when a lump-sum appropriation occurs. He further stated that if Yellow Bay does become part of the lump-sum appropriations, then it should be in a line-item with a condition stating that the appropriation can only be used for Yellow Bay.

{Tape: 2; Side: A; Approx. Time Counter: 6.7 - 9.5}

Discussion then moved to the entire OCHE Program.

With the Student Assistance and Grants Program, **SEN. JOHNSON** stated that this is an important program, with a \$229,179 reduction. He wanted to know if this reduction was suggested by the Governor. **Mark Bruno, OBPP**, stated that the Executive Budget for the University System was created in the same way as other agencies. Crediting for present law adjustments was done. Then special session reductions were based on what the University System did in Fiscal 2003. Then there was a \$13 million negative Decision Package to bring this agency to the Governor's target.

SEN. JOHNSON then asked if this budget was done in conjunction with the University System. **Mr. Bruno** stated that he tried to work with the Commissioner's Office to come up with a plan, but at this point in time he felt there wasn't a clear picture. He further stated that in order to get the specific reductions, additional feedback from the Board of Regents would be needed.

{Tape: 2; Side: A; Approx. Time Counter: 9.6 - 12.3}

REP. LEWIS stated that the Administration Program in OCHE came up with \$150,000 to pay for the transition costs between the cost of the temp commissioner and the old commissioner. **Mr. Sundsted** stated that the cash-out for this person was \$47,000 and there were additional budget problems in the office that dealt with the Special Session adjustments.

REP. LEWIS further stated that this program (Administration) was able to come up with the \$150,000 to \$155,000 to cover the costs. That is the difference between the Executive Budget and the 2000 Base in that program, so he was wondering why this agency couldn't roll back to the 2000 Base.

Mr. Sundsted stated that the fixed cost in the biennium for rent and personal services is \$1,233,000, which doesn't include travel, phone, supplies etc. There would be a very significant shortfall if the base went back to Fiscal 2000. They are hoping to use one-time-only funds to cover some of the Special Session reductions. For Fiscal 2004 and 2005, structural changes would have to be made in order to get to the 2000 base.

REP. LEWIS then said that with salaries, this agency has taken the money from a different program in order to make the budget work. He was wondering if this could be an ongoing practice.

Mr. Sundsted said, "Yes, but that is relatively small - \$4,000 or \$8,000. The biggest piece we have are the funds left over in the WICHE/WWAMI program. This happens because the scholarships don't occur on a regular basis so that money could get reverted."

{Tape: 2; Side: A; Approx. Time Counter: 12.4 - 15.2}

Motion: SEN. JOHNSON moved to **TAKE THE BUDGET TO THE GOVERNOR'S BUDGET LEVEL FOR OCHE PROGRAM.** (General Fund only)

Discussion:

Mr. Bruno stated that the Governor's Budget is \$10,070,946 in Fiscal 2004 and \$10,202,398 in Fiscal 2005. Through discussion it was learned that this motion would adopt the Decision Packages. The WICHE/WWAMI program would also be funded.

Vote: Motion carried 6-1 with **REP. LEWIS** voting no by voice vote.

Ms. Joehler summarized the activity that happened at the meeting. She said for OCHE, the base went from \$8.7 million to \$10 million (\$1.3 million additional funding) in Fiscal 2004 and \$8.7 to \$10.2 (\$1.5 million additional funding) in Fiscal 2005. For the Community Colleges, the base went from \$5.2 million to \$5.7 million per year (\$500,000 additional funding in each year).

{Tape: 2; Side: A; Approx. Time Counter: 15.2 - 19.6}

The Nongeneral funds were then addressed.

Motion/Vote: SEN. JOHNSON moved **THE EXECUTIVE BUDGET FOR ALL NONGENERAL FUNDS ITEMS IN THE COMMISSIONER'S OFFICE DO PASS.**

Motion carried 7-0 by voice vote. (The Executive Budget amount for all nongeneral fund items in the OCHE office, as listed on program main tables in the Legislative Budget Analysis 2005 Biennium on pages E-104, E-108, E-116, E-118 and E-144.)

{Tape: 2; Side: A; Approx. Time Counter: 19.6 - 20.5}

Ms. Joehler stated that there is still HB 2 language that needs to be addressed. She advised the Committee to take action on this once all other items in the University System had gone through Executive Action.

After the Executive Action, funding the Indiana Education for All Proposal was discussed.

SEN. JOHNSON wanted to know the Committee's thoughts about funding the Indian Education for All Package through funds that were given for economic development to the Indian reservations. This funding occurred two sessions ago and was for \$200,000. Presently there is \$154,000 in the State Special account, and he thought this money has the potential to fund this program which is requesting \$60,000 a year for the biennium (\$120,000).

REP. BUZZAS said that the appropriation to economic development is justified. The tribes had a rough start, but she thought they wanted to keep the program going. The program has found specific areas to address, so in the future the tribes should be using the money. **REP. LEWIS** also stated that the Native Americans would probably oppose having the money diverted. **REP. BUZZAS** further stated that part of the problem to this program was finding a person, as well as the Governor's office coordinator. As far as she knew, there has been no planned program adopted yet.

SEN. MCCARTHY stated that she would be in favor of the Committee bill. She further said that she thought it was an innovative way of finding money to address the funding problems. The curriculum is in place for all students if the funding happens.

{Tape: 2; Side: A; Approx. Time Counter: 20.5 - 28}

ADJOURNMENT

Adjournment: 9:37 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh21aad)